

# INSTRUCTIONS FOR 2012 PIT-RC, NEW MEXICO

## REBATE AND CREDIT SCHEDULE

### GENERAL INFORMATION

#### SECTION I

*The questions in SECTION I must be answered to claim any of the rebates or credits reported in SECTIONS II through V.*

The **general qualifications\*** for claiming refundable rebates and credits in Sections II through V are:

- You must have been a resident of New Mexico during the tax year, **and**
- You must have been physically present in New Mexico for at least six months during the tax year (except for the Child Day Care Credit), **and**
- You were not eligible to be claimed as a dependent of another taxpayer for the tax year, **and**
- You were not an inmate of a public institution for more than six months of the tax year.

**\*NOTE: To claim the refundable tax credits in Section VI** (see page 8 RC), individuals do not need to meet "general qualifications." They may skip Section I when completing the PIT-RC schedule. See the instructions for lines 23 through 26 for further details.

#### ALLOWABLE HOUSEHOLD MEMBERS AND EXTRA EXEMPTIONS

When claiming the Low Income Comprehensive Tax Rebate in Section II, you must calculate allowable household members and extra exemptions.

You must complete lines 1 through 3 to claim the rebate.

NOTE: New Mexico uses the same definitions and qualifications as the Internal Revenue Service to determine if someone is your dependent. See the federal Form 1040, 1040A or 1040EZ instructions for dependent definitions and qualifications.

#### MODIFIED GROSS INCOME

Eligibility for all rebates and credits shown in Sections II through V depends on MODIFIED GROSS INCOME (MGI). MGI is different from federal adjusted gross income, federal taxable income or New Mexico taxable income. See *What is Modified Gross Income?* on page 3 RC for details and definitions.

The instructions for each rebate or credit provides additional, specific eligibility requirements.

*All claimants must complete line 27.*

In these PIT-RC instructions a line entry is explained only if additional guidance would be helpful or if the item is unique to New Mexico.

#### STEPS FOR PREPARING SCHEDULE PIT-RC

Prepare your federal return first. Even if you are not required to file a federal return, it is easier to complete the Schedule PIT-RC when you fill out a sample federal return first.

Also read the section *Filling in your tax return* on page 17 of the Form PIT-1 Instructions.

#### STEP 1 - Gather all forms and publications you need.

If you need additional forms or instructions, see *Contacting the Department* on page 13 of the Form PIT-1 Instructions.

#### STEP 2 - Get your records together.

If you received a salary or wages, get all your 2012 wage and tax statements together.

If you received an annuity, pension, retirement pay, IRA distributions, Railroad Retirement or sick pay or social security benefits in 2012, gather your federal Form(s) 1099-R, 1099-RRB and 1099-SSA.

Collect your records of gambling or lottery winnings. You will need your 2012 federal Form W-2G if the form was issued to you.

If you received public assistance from Temporary Assistance to Needy Families (TANF), the New Mexico Works Act or similar program, welfare benefits or Supplemental Security Income (SSI) during 2012, you will need records of the amounts.

#### Modified Gross Income Limitations for 2012

If your modified gross income is:

**\$22,000** or less

**\$16,000** or less

**\$30,160** or less

You may qualify for:

Low Income Comprehensive Tax Rebate

Property Tax Rebate (if you are 65 or older)

Child Day Care Credit

#### ▼ Los Alamos or Santa Fe County Residents Only ▼

**\$24,000** or less

Low Income Property Tax Rebate for

Los Alamos or Santa Fe County residents

#### Refundable Tax Credits in Section VI, Schedule PIT-RC

- Refundable medical care credit for persons age 65 or older;
- Special needs adopted child tax credit;
- Renewable energy production tax credit, and
- Refundable portion of approved film production tax credit.

Gather the records of any other income you received in 2012 — whether or not taxable — such as an insurance settlement, a scholarship or grant, VA benefits, income from an inheritance or trust, gifts of cash or marketable property, alimony or child support.

To claim the low income property tax rebate for Los Alamos or Santa Fe County residents, you need records of the property tax billed for 2012 on your principal place of residence in Los Alamos or Santa Fe County.

If you plan to claim the property tax credit for those 65 or older, you need records of the property tax billed for 2012 or the rent paid on your principal place of residence.

If you plan to claim the child day care credit, you will need a *Caregiver's Statement*, Form PIT-CG, from each person who provided child day care during 2012.

To claim the refundable medical care credit for persons 65 or older you will not need to submit additional documentation with your return. However, as with all deductions, rebates and credits claimed on your tax return, you must keep receipts and records so that the Department may determine your correct tax due. The Department may require copies of your records to support your claim. See instructions for line 23.

In the first year you claim the special needs adopted child tax credit for a qualifying adopted child, you will need to attach a copy of the certificate issued by the New Mexico Human Services Department or the licensed child placement agency for each child you adopted in that year. See instructions for line 24.

To claim the renewable energy production tax credit, you will need Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*. Prior approval from the New Mexico Energy, Minerals and Natural Resources Department is required. See instructions for line 25.

To claim the film production tax credit,

you will need Form RPD-41228, *Film Production Tax Credit Claim Form*, and you will need to complete lines 18 and 18a of Schedule PIT-CR, and line 26 of Schedule PIT-RC. Prior approval is required. See the instructions for line 26, in these instructions.

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### STEP 3 - Fill in Schedule PIT-RC.

Complete Schedule PIT-RC using the line instructions that follow.

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### STEP 4 - Check the figures on your Schedule PIT-RC.

Make sure your arithmetic is correct and that you limited your calculations to the maximum amount of credit or rebate allowed when required.

Ensure that the first page of Schedule PIT-RC shows your correct name and social security number, and if claiming one or more of the rebates and credits under Sections II through V, you have completed Section I and answered all required questions. If you claim the additional low income property tax rebate for Los Alamos or Santa Fe county residents in Section IV, make sure you mark the box indicating the county in which you reside. Make sure your social security number is correct on page 2 of Schedule PIT-RC.

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### STEP 5 - Transfer the amount on line 27 to your Form PIT-1.

Be careful to enter the correct total amount of rebates and credits on line 24 on Form PIT-1. Continue with the line instructions and remaining steps for completing your 2012 Form PIT-1.

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### LINE INSTRUCTIONS

Enter the primary taxpayer's name and social security number exactly as it appears on Form PIT-1.

Individuals claiming rebates and credits under Sections II through V must complete Section I in its entirety, or the rebate or credit will be denied. Individuals claiming ONLY refundable

tax credits in Section VI, skip Sections I through V. All claimants must complete line 27.

### Section I: Qualifications for Credits and Rebates Reported in Sections II through V.

You and your spouse, if married filing joint, must complete A through D. In the taxpayer column, and if applicable, the spouse column, you must indicate whether the statement is true by marking the checkbox. If the statement is false, leave the checkbox blank. If you are not married, leave the checkboxes in the spouse column blank.

Question A. Check the box if you were a resident of New Mexico during any portion of the tax year. If married filing joint, check BOTH boxes if both spouses were residents of New Mexico during the tax year.

Question B. Check the box if you were physically present in New Mexico for at least six months during 2012. If married filing joint, check both boxes if both spouses were physically present in New Mexico for at least six months during 2012.

Question C. Check the box if you were **not** a dependent, or you do **not** qualify as a dependent of another individual for federal income tax purposes. If married filing joint, check both boxes if both spouses were **not** eligible to be claimed as a dependent of another taxpayer for income tax purposes in 2012. If you were a dependent of another taxpayer, you may not claim any tax rebate nor the Child Day Care Credit and you do not qualify as a household member for purposes of rebates or credits. If the dependent has a spouse who was not a dependent of another taxpayer, the spouse of the dependent may still qualify. You qualify as a dependent whether or not you were actually claimed as a dependent on the other person's federal return.

Question D. Check the box if you were **not** an inmate of a public institution for more than six months in 2012. If married filing joint, check both boxes if both spouses were **not** an inmate

of a public institution for more than six months in 2012. A taxpayer who was an inmate of a public institution for more than six months does not qualify for rebates or credits and does not qualify as a household member for purposes of rebates or credits. If the inmate has a spouse who was not an inmate, the spouse of the inmate may still qualify to claim the rebates or credits.

## **SECTION I: Qualifications for Rebates and Credits Reported in Sections II through IV - Continued**

### **LINE 1 Number of Exemptions**

Enter the number of exemptions from line 2, Form PIT-1. This is the same number of qualified federal exemptions as reported on your federal return. Refer to the instructions on your federal return to determine the correct entry.

### **LINES 2 and 3 Allowable Household Members and Extra Exemptions for Purposes of Claiming Low Income Comprehensive Tax Rebates**

**LINE 2a.** Enter the number of household members who DO NOT qualify. If all household members qualify, leave this field blank.

**Household members who do not qualify:** You or your spouse must meet the general qualifications listed below or all members of your household do not qualify. You or your spouse must:

- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2012;
- be neither eligible to be claimed, nor actually claimed, as a dependent of another taxpayer for 2012, and
- not be an inmate of a public institution for more than six months during 2012.

If either you or your spouse meet the general qualifications, but not both, then the non-qualifying spouse is not eligible.

Dependents who are non-residents of New Mexico DO NOT qualify as a household member for purposes of claiming the Low Income Comprehensive Tax Rebate. Include non-resident dependents on line 2a of Schedule PIT-RC. Dependents who are residents of New Mexico, *but are not physically present in New Mexico for six months*, qualify as household members for purposes of claiming the Low-Income Comprehensive Tax Rebate.

**EXAMPLE:** A married couple filing a joint return reports six exemptions on line 1 of Schedule PIT-RC. The husband lived out of state for seven months of the tax year. Since he was not physically present in New Mexico for six months, the family allowance is only five household members when claiming the Low Income Comprehensive Tax Rebate. If both taxpayers lived out of state for seven months, none of the household members would qualify.

**EXAMPLE:** The taxpayer qualifies for the tax rebates, but has a dependent who is out of state temporarily to attend school. The dependent is still a resident of New Mexico. Although the dependent may be gone for most of the year, the taxpayer may claim a rebate counting that dependent as a household member.

**EXAMPLE:** If a citizen of another country is a resident of New Mexico, that person may claim the tax rebates. If the spouse, children or other dependents are not residents of New Mexico, the filer cannot claim a rebate based on exemptions for them.

**LINE 2c.** Enter "1" if you or your spouse (if filing a joint return), but not both, are blind as defined for federal income tax purposes, and "2" if you **and** your spouse are blind as defined for federal income tax purposes.

**LINES 2e and 2f.** Additional special exemptions are available if **you** or **your spouse**, if married filing jointly, are age 65 or older on the last day of the tax year. Complete the lines as instructed on the form.

**LINE 2h.** If you and your spouse are filing separately, you must exclude the number of household members and extra exemptions your spouse claimed on line 2g of his or her PIT-RC.

### **LINES 4 through 12 Calculation of Modified Gross Income**

Read *What is Modified Gross Income?* below before completing these lines.

#### **What is Modified Gross Income?**

Modified Gross Income (MGI) is unique to New Mexico law. In general, MGI is ALL income and other compensation you receive from ALL sources (regardless of whether that income is taxable by the U.S. Government or the State of New Mexico) for yourself, your spouse and your dependents. You may not reduce MGI by deductions or offset MGI by losses allowed for income tax purposes under the New Mexico Income Tax Act or under the Internal Revenue Code.

When calculating MGI, include the MGI of the taxpayer and all household members. Even if you are married but filing separate returns, the total modified gross income of both husband and wife must appear in the calculation.

The following items are excluded from the definition of MGI and DO NOT have to be reported:

- money lent to you that you are legally bound to repay;
- the face value of food stamps or WIC vouchers;
- payments by any party or by Medicare or any similar plan for hospital, dental, medical or drug expenses whether or not the payment is made directly to the insured/recipient or a third-party provider, and whether or not a premium is paid;
- money received during the year as low-income or property tax rebates or child day care credit;
- medical care payments made by Medicaid, the State Human Services Department, the County Indigent Hospital Claims Fund, Champus, Veterans Administra-

- tion, or Workers' Compensation;
- rent subsidies, weatherization, energy and housing rehabilitation benefits (such as Section 8 housing assistance);
- stipends paid to foster grandparents; and
- free room and board when not considered compensation.

**LINE 4.** Enter wages, salaries, tips, etc.. If wages, salaries, tips, etc., were exempt or deducted from federal adjusted gross income on Schedule PIT-ADJ, they must be included on line 4 for purposes of computing modified gross income.

**LINE 5.** Enter the gross amount of social security benefits, other retirement benefits, including Railroad Retirement benefits and veterans' benefits, and amounts received from pensions and annuities WITHOUT deduction for Medicare premiums or other deductions.

**LINE 6.** Enter unemployment benefits from all sources and Workers' Compensation benefits received. Do not include medical benefits.

**LINE 7.** Enter amounts received from public assistance, TANF or a similar program, welfare and general assistance benefits, and Supplemental Security Income (SSI). DO NOT include medical care benefits, rent subsidies, weatherization, energy and housing rehabilitation benefits.

**LINE 8.** Enter your net profit from business, profession, farm or rentals. This includes income from self-employment. If it is a loss, enter zero. If you have more than one business, farm or rental property, you MAY NOT offset the loss of one business, farm or rental against the profit of another business, farm or rental or against any other source of income.

**LINE 9.** Enter your gross capital gains. Do not reduce them by capital losses. Include in capital gains any gain on the sale of a personal residence in 2012 that is deferred or not subject to federal income tax.

**LINE 10.** Enter all gifts of cash or marketable tangible items no matter who gave them to you. Gifts of tangible items must be given a reasonable value.

**LINE 11.** Enter all income not included on lines 4 through 10, regardless of whether it is taxable as federal or state income. This may include, but is not limited to:

- interest, including interest from U.S. Government securities and interest on state and municipal bonds;
- dividends;
- alimony, separate maintenance and child support payments;
- gross gambling, gaming and lottery winnings from any source. Do not reduce winnings by any losses;
- receipt of contribution withdrawals from deferred compensation plans;
- royalties from any source;
- distributions from employee stock ownership plans or other employee benefit plans, except for medical benefits;
- income from discharge of indebtedness (not involving bankruptcy);
- value of a legacy, devise, bequest or inheritance received;
- income from an estate or trust;
- distributions from partnerships, S corporations or similar pass-through entities;
- scholarships, fellowships, prizes, awards or grants;
- other cash prizes and awards;
- insurance or court settlements;
- amounts received from endowment contracts;
- the value of room and board received as compensation;
- all ordinary gains from dealing in or selling property; and
- cost-of-living, moving or other allowances received as compensation.

## **SECTION II: Low Income Comprehensive Tax Rebate**

## **LINE 14**

### **Low Income Comprehensive Tax Rebate**

To qualify for a rebate a claimant must:

- have a modified gross income of \$22,000 or less;
- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2012;
- be neither eligible to be claimed nor actually claimed as a dependent of another taxpayer for 2012, and
- not be an inmate of a public institution for more than six months during 2012.

**Line 14.** See Table 1 -- *Low Income Comprehensive Tax Rebate Table* on page 5 RC. Go down the column on the left until you find the line that includes the Modified Gross Income you entered on line 13. Read across until you reach the column showing the number of exemptions you calculated on line 13a. This figure is your Low Income Comprehensive Tax Rebate.

All taxpayers, other than married couples filing separate returns, enter the rebate amount on line 14 of Schedule PIT-RC. Married couples filing separate returns must divide the amount from the table by 2 and enter the result on line 14 of Schedule PIT-RC. (Include this amount on line 27 of the Schedule PIT-RC.)

## **SECTION III: Property Tax Rebate for Persons 65 or Older**

### **LINES 15 through 17c**

**The property tax rebate may not exceed \$250 (\$125 for a married taxpayer filing a separate return).**

***There is no property tax rebate available for property that is not already subject to property tax.***

To qualify for a rebate a claimant must:

- have a modified gross income of \$16,000 or less;

**TABLE 1 - 2012 LOW INCOME COMPREHENSIVE TAX REBATE TABLE**

Modified Gross Income from Line 13 of PIT-RC		Number of Exemptions from Line 13a of PIT-RC					
	But Not Over	1	2	3	4	5	6 or more
\$ 0	\$ 500	\$ 120	\$ 160	\$ 200	\$ 240	\$ 280	\$ 320
501	1,000	135	195	250	310	350	415
1,001	1,500	135	195	250	310	350	435
1,501	3,500	135	195	250	310	350	450
3,501	4,500	135	195	250	310	355	450
4,501	5,000	125	190	240	305	355	450
5,001	5,500	115	175	230	295	355	430
5,501	6,000	105	155	210	260	315	410
6,001	7,000	90	130	170	220	275	370
7,001	8,000	80	115	145	180	225	295
8,001	9,000	70	105	135	170	195	240
9,001	10,000	65	95	115	145	175	205
10,001	11,000	60	80	100	130	155	185
11,001	12,000	55	70	90	110	135	160
12,001	14,000	50	65	85	100	115	140
14,001	15,000	45	60	75	90	105	120
15,001	16,000	40	55	70	85	95	110
16,001	17,000	35	50	65	80	85	105
17,001	18,000	30	45	60	70	80	95
18,001	19,000	25	35	50	60	70	80
19,001	20,000	20	30	40	50	60	65
20,001	21,000	15	25	30	40	50	55
21,001	22,000	10	20	25	35	40	45

- be age 65 or older on the last day of the tax year;
- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2012;
- be neither eligible to be claimed nor actually claimed as a dependent of another taxpayer for 2012; and
- not be an inmate of a public institution for more than six months during 2012.

The rebate is for property tax billed or for rent paid during tax year 2012 on the rebate claimant's principal place of residence in New Mexico.

**What is the Principal Place of Residence?** "Principal place of residence" for purposes of the Property Tax Rebate for persons 65 or older is the dwelling and related structures

— whether owned or rented — and only the amount of land surrounding it reasonably necessary to use the dwelling as a home. The surrounding land may not exceed five acres for purposes of this rebate.

If you have more acreage than is reasonably necessary to maintain a dwelling, adjust the amount of property tax billed to reflect the principal place of residence only. You may use only this smaller amount to calculate the tax rebate.

**EXAMPLE:** If a taxpayer's principal place of residence is located on 25 acres, include the total amount of property tax billed for the house alone plus the portion of the land that is reasonably necessary to maintain the residence, but not more than 5 acres. If only one acre is reasonably necessary to maintain the residence, divide the tax due on the land by the total number of acres for which property

tax has been billed. Add the property tax billed on the home to the amount of property tax billed on the land. The total is the amount of property tax billed. Use that amount in computing this rebate.

**LINE 15.** Complete line 15 only if you own your principal place of residence and were billed property tax. See definition of "Principal Place of Residence" above.

**NOTE:** If you paid rent for your principal place of residence for part of the year and were billed property tax for your principal place of residence for the other part of the year, you may claim both portions. The property tax you would claim on line 15 is only that part of the annual property tax billed for the period you lived there. If you were billed property tax on your manufactured home and you also paid rent for your lot or space, you may claim both.

**TABLE 2 - 2012 MAXIMUM PROPERTY TAX LIABILITY TABLE**

Modified Gross Income from Line 13 of PIT-RC		Maximum Property Tax Liability	Modified Gross Income from Line 13 of PIT-RC		Maximum Property Tax Liability
	But Not Over			But Not Over	
\$ 0	\$ 1,000	\$ 20	\$ 8,001	\$ 9,000	\$ 60
1,001	2,000	25	9,001	10,000	75
2,001	3,000	30	10,001	11,000	90
3,001	4,000	35	11,001	12,000	105
4,001	5,000	40	12,001	13,000	120
5,001	6,000	45	13,001	14,000	135
6,001	7,000	50	14,001	15,000	150
7,001	8,000	55	15,001	16,000	180

**LINE 16a.** Complete line 16a only if you paid rent on your principal residence. Enter the total amount of rent you paid during 2012. Count any rent subsidy paid by a government entity to your landlord. Put an "X" in the box 16b, if applicable. Complete 16c by multiplying line 16a by 0.06.

**LINE 17b.** See Table 2 -- *Maximum Property Tax Liability Table*, above. Find the Modified Gross Income range for the amount you entered on line 13 of Schedule PIT-RC. Read across the table to the column showing your maximum property tax liability and enter the amount on line 17b.

**LINE 17c.** Taxpayers, other than married couples filing separate returns, subtract the amount on line 17b (Maximum Property Tax Liability) from the amount on line 17a (allowable amount of property tax billed and rent paid). Enter the difference on line 17c. If the amount is less than zero, enter "0". If the amount is over \$250, enter only \$250.

Married couples filing separate returns must subtract line 17b from line 17a, divide the difference by 2 and enter this amount on line 17c. If the amount is less than zero, enter "0". If the amount is over \$125, enter only \$125.

Be sure to include the amount on line 17c in the amount on line 27 of Schedule PIT-RC.

#### **SECTION IV: Additional Low Income Property Tax Rebate for Residents of Los Alamos and Santa Fe County**

#### **LINE 18a through 18c**

**The property tax rebate may not exceed \$350 (\$175 for a married taxpayer filing a separate return).**

You do not have to be 65 or older to be eligible for this rebate. If you are a Los Alamos or Santa Fe County resident who is age 65 or older on the last day of the tax year, you may be eligible for this rebate **AND** the Property Tax Rebate for Persons 65 or Older reported on line 17c. **You must attach a property tax statement to your return if the mailing address on your 2012 Form PIT-1 is not a Los Alamos or Santa Fe County address.**

**IMPORTANT:** You must mark the checkbox indicating the county in which your principal place of residence was located, and of which you are claiming the additional low income property tax rebate for Los Alamos or Santa Fe county residents **or your claim will be denied.**

To qualify for the rebate a claimant must:

- have a principal place of residence in Los Alamos or Santa Fe County;
- have a modified gross income of \$24,000 or less;
- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2012;
- be neither eligible to be claimed, nor actually claimed, as a dependent of another taxpayer for 2012; and

- not be an inmate of a public institution for more than six months during 2012.

This rebate is for the property tax billed during tax year 2012 on your principal place of residence in New Mexico. *There is no property tax rebate for property that is not already subject to property tax.*

**What is "Principal Place of Residence" for purposes of the low-income property tax rebate for Los Alamos or Santa Fe County residents?** Principal place of residence is the dwelling and related structures the taxpayer owns and occupies, and only that amount of land surrounding it reasonably necessary to use the dwelling as a home. For purposes of this rebate a principal place of residence does not include rented land or structures. The surrounding land may not exceed five acres.

If you have more acreage than is reasonably necessary to maintain a dwelling, adjust the amount of property tax billed to reflect the principal place of residence only. Only this smaller amount may be used to calculate the tax rebate.

**LINE 18b.** See Table 3 -- *Low Income Property Tax Rebate Table for Los Alamos or Santa Fe County Residents* Only on the next page. Find the Modified Gross Income range that includes the amount you entered on line 13 of Schedule PIT-RC. Read across the table to the column showing your property tax rebate percentage and enter the amount on line 18b.

**LINE 18c.** Taxpayers, other than married couples filing separate returns, multiply the percentage on line 18b (Property Tax Rebate Percentage) by the amount on line 18a (allowable property tax billed) and enter the result on line 18c. If the amount is less than zero, enter "0". If the amount is over \$350, enter only \$350.

For example, the property tax billed to Los Alamos Resident A, on his principal place of residence was \$800 for calendar year 2012. On line 18a, A enters \$800. Because his modified gross income for 2012 was \$19,000, A enters on line 18b the property tax rebate percentage of 45%. To compute line 18c, A multiplies \$800 by 45% (0.45). The result is \$360, but because the maximum rebate allowable is \$350, A enters \$350 on line 18c.

Married couples filing separate returns multiply 18a by 18b, divide the answer by 2, and enter this amount on line 18c. If the amount is less than zero, enter "0". If the amount is over \$175, enter only \$175.

Include the amount on line 18c in the amount on line 27 of Schedule PIT-RC.

## SECTION V: New Mexico Child Day Care Credit

### LINES 19 through 22.

**The Child Day Care Credit may not exceed \$1,200 (\$600 for a married taxpayer filing a separate return).**

Please see Brochure #12, New Mexico's Income Tax - Child Day Care Credit, on the TRD web page.

A credit claimant must:

- have a Modified Gross Income of \$30,160 or less;
- be a resident of New Mexico during any part of the tax year;
- furnish over half the cost of maintaining a household for one or more qualifying dependents for that part of the tax year for which the rebate is claimed (either separately or jointly with a spouse);
- be gainfully employed for that part of the tax year for which the credit is claimed. If they file a joint return, both spouses must have been gainfully employed unless one was disabled for that part of the tax year for which the credit is claimed;
- not be a recipient of public assistance under the Temporary Assistance for Needy Families program (TANF), the New Mexico Works Act or similar program, during that part of the tax year for which the credit is claimed, and
- not have been reimbursed or compensated for the amount of child day care expense for which a credit is being claimed. Reimbursed or compensated child day care expenses like those paid with pre-tax dollars under cafeteria and similar benefit plans are also ineligible.

A credit claimant may claim the child day care credit if he qualifies as a first-

year, full-year or part-year resident of New Mexico. See page 1 of the PIT-1 instructions for the definitions of residency.

**NOTE:** *The Department checks with appropriate state agencies to verify whether a claimant is receiving public assistance.*

No credit can be claimed for amounts paid to a caregiver unless the caregiver:

- was at least 18 years old at the time care was provided;
- provided the day care service within New Mexico;
- provided day care for fewer than 24 hours daily; and
- could not be claimed as a dependent by you or your spouse for federal income tax purposes.

A husband and wife maintaining a household for one or more qualifying dependents, but filing separate returns for a tax year may each claim only half the credit allowed for a joint return.

**Maintain copies of your receipts in your records** in the event you are selected for audit or verification of expenses claimed.

### Definitions You Need to Know to Claim the Child Day Care Credit.

1) "qualifying dependent" means a person under the age of 15 at the end of the tax year who has received the services of a caregiver. Dependent includes a child of divorced or legally separated parents when the taxpayer meets all requirements for claiming a federal child care credit.

2) "gainfully employed" means working for others for compensation, either full-time or part-time, or being self-employed. Actively seeking employment or school attendance does not qualify as gainful employment.

3) "cost of maintaining a household" means the expenses for operating the principal place of residence for the mutual benefit of its occupants. These expenses include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance and food. Cost of maintaining a household DOES NOT include

**Table 3 – 2012 Low Income Property Tax Rebate Table for Los Alamos or Santa Fe County Residents Only**

Modified Gross Income from Line 13 of PIT-RC		Property Tax Rebate Percentage (of property tax liability)
	But Not Over	
\$ 0	\$ 8,000	75%
8,001	10,000	70%
10,001	12,000	65%
12,001	14,000	60%
14,001	16,000	55%
16,001	18,000	50%
18,001	20,000	45%
20,001	22,000	40%
22,001	24,000	35%

cost of clothing, education, medical treatment, vacations, life insurance, transportation or principal payments on mortgages.

4) “disabled person” means a person who has a medically determinable physical or mental impairment, certified by a licensed physician, that renders the person unable to engage in gainful employment. NOTE: The Department may ask you to provide certification of disability from your physician, but DO NOT include it with your return.

5) “caregiver” means either an individual 18 years of age or older, or a corporation who receives compensation from the credit claimant for providing direct care and supervision to a qualifying dependent in New Mexico. A caregiver may be related to, but not a dependent of, the claimant.

**EXAMPLE:** The taxpayer is a single parent who provides over 50% of the support of a dependent child. The taxpayer attended school from January through May and became gainfully employed full time on June 1. The taxpayer had child care expenses for the entire year from a caregiver located in New Mexico. The taxpayer was not compensated or reimbursed for child day care services during the tax year. The taxpayer can claim the credit for child care only for expenses from June through December while the taxpayer was employed. The taxpayer may not count expenses for child care from January through May.

To calculate your allowable Child Day Care Credit, complete the *Child Day Care Credit Worksheet* found on page 11 RC of these instructions. Each caregiver is required to give you a Form PIT-CG, *Caregiver’s Statement*, which is on page 12 RC. The information on the PIT-CG is necessary to complete the worksheet. Submit a copy of the *Child Day Care Credit Worksheet* and all Form(s) PIT-CG with your New Mexico Personal Income Tax return. Keep the original for your records.

**LINE 19.** From the *Child Day Care Credit Worksheet*, enter the sum of the amounts in column G, but no more

than \$1,200. This is your available Child Day Care Credit.

*Important: When completing the Child Day Care Credit Worksheet, you may only include day care paid for services performed in New Mexico.*

**LINE 20.** Enter the total of qualified dependents receiving child day care services.

**LINE 21.** Enter the amount of federal child and dependent care credit you claimed on your federal income tax return. For first year residents only, you may multiply the federal child and dependent care credit allowed by the ratio of the number of days of residence in New Mexico during the resident’s tax year to the total number of days in the tax year. Use the worksheet below to adjust the federal child and dependent care credit entered on this line.

**LINE 22.** Subtract line 21 from line 19. This is the amount of New Mexico Child Day Care Credit you may claim.

**EXAMPLE:** *More than one child.* The taxpayer’s three children each received 200 days of care. The taxpayer was not compensated or reimbursed for child day care services during the tax year. The fee was \$10 daily for each child. The taxpayer’s available New Mexico day care credit amount is \$1,200.

On the *Child Day Care Credit Worksheet*, the taxpayer enters the first child’s name and age in columns A and

B. The number of days of care (200) is entered in column C. The taxpayer enters \$8 in column D even though the actual amount paid out was \$10. The maximum daily amount for computing the credit is \$8. Two hundred times \$8 equals \$1,600 (column E). Forty percent of \$1,600 equals \$640. Because \$640 is greater than \$480 (the maximum allowable amount per child), the taxpayer enters \$480 in column G.

The taxpayer computes the credit amounts for the second and third child in the same way. The sum for the three children is \$1,440. It is more than \$1,200 (the maximum allowable credit amount), so the taxpayer enters \$1,200 on line 19.

**EXAMPLE:** *More than one rate paid for child care.* The taxpayer’s child received 100 days of care at \$7 per day and 50 more days at \$10 per day. The taxpayer’s available day care credit amount is \$440.

On the *Child Day Care Credit Worksheet*, the taxpayer enters the child’s name and age in columns A and B. In columns C and D, the taxpayer enters 100 (days of care) and \$7 (amount paid per day). One hundred times \$7 equals \$700 (entered in column E). Forty percent of \$700 equals \$280 (entered in column G).

On the next line of the worksheet the taxpayer writes, “same child”. The taxpayer enters 50 (days of care) in column C and \$8 (maximum daily amount for this credit although the taxpayer actually paid \$10 per day) in

For First-year Residents Only	
Worksheet to Adjust the Federal Credit for Child and Dependent Care Credit	
1. Enter the amount of federal child and dependent care credit allowed on the federal return.	\$
2. Enter the number of days during the tax year that you were a resident of New Mexico.	
3. Enter the number of days during the tax year. Enter 365 days or 366 if a leap year.	
4. Divide line 2 by line 3. Round to three decimal places.	__ . __ __
5. Multiply line 4 by line 1. Enter this amount on line 21 of Schedule PIT-RC.	\$



column D. Fifty times \$8 equals \$400 (entered in column E). Forty percent of \$400 equals \$160.

The sum of the two partial credit amounts for this child is \$440, entered on line 19.

## **SECTION VI: Refundable Tax Credits**

### **LINES 23 through 26**

If you are claiming any of the refundable tax credits on lines 23 through 26 and no other refundable rebate or credit on Form PIT-RC, then follow these special procedures for completing Schedule PIT-RC:

Enter the name and social security number of the primary taxpayer on pages 1 and 2 of Schedule PIT-RC. Complete the applicable lines 23, 24, 25 and 26 and enter the total on line 27. Carry the amount on line 27 to line 24 of Form PIT-1 for 2012. Continue with the line instructions and remaining steps for completing the Form PIT-1. You must submit Schedule PIT-RC and any other documentation required to the Department with Form PIT-1.

### **LINE 23**

#### **Refundable Medical Care Credit for Persons 65 or Older**

If you or your spouse are 65 years of age or older and you paid unreimbursed and uncompensated medical care expenses of \$28,000 or more during tax year 2012, you may claim a tax credit of \$2,800. The medical care expenses may be for the care of any combination of yourself, your spouse or dependents. The tax credit is allowed for out-of-state residents with income tax responsibility to New Mexico. However, when medical expenses are incurred for services provided by a medical doctor, osteopathic physician or psychologist, the person providing the service must be licensed or certified to practice in New Mexico.

Enter \$2,800 if you qualify. Married couples filing separate returns may each claim one-half of the credit that would have been allowed on a joint return.

If you are eligible to claim the refund-

able medical care credit for persons age 65 years or older, you are also eligible to claim the medical care expense exemption for persons 65 years or older reported on line 17 of Schedule PIT-ADJ allowing an additional tax benefit. You must complete Schedule PIT-ADJ to claim the tax exemption.

The types of medical expenses that you may include are described in the instructions for line 16, Form PIT-1 with the following exception. You may also include the portion of unreimbursed and uncompensated medical care expenses which have been included in itemized deductions on Schedule A, federal Form 1040.

To compute the unreimbursed and uncompensated medical care expenses for purposes of this credit, you may include all of the qualified expenses which are used to compute the refundable medical care expense exemption for persons 65 years or older reported on line 17 of Schedule PIT-ADJ. Unreimbursed and uncompensated medical care expenses used to compute the medical care expense deduction claimed on line 16, Form PIT-1 also may be used to compute the medical expenses for purposes of this credit.

### **LINE 24**

#### **Special Needs Adopted Child Tax Credit**

If you qualify for the Special Needs Adopted Child Tax Credit, enter \$1,000 for each special needs adopted child on line 24 of Schedule PIT-RC. If you are married filing separately, enter \$500 for each child. A husband and wife who file separate returns may each claim only one-half of the credit.

You may claim the Special Needs Adopted Child Tax Credit if:

- you file a New Mexico personal income tax return;
- you are not a dependent of another taxpayer;
- you have adopted a special needs child, and
- the special needs adopted child is claimed as a dependent on your federal return.

A Special Needs Adopted Child means

an individual who may be over 18 years of age and who is certified by the New Mexico Children, Youth and Families Department or a licensed child placement agency as meeting the definition of a "difficult to place child" pursuant to the Adoption Act; and the classification is based on physical or mental impairment that is at least moderately disabling.

In the first year you claim the special needs adopted child tax credit for a qualifying adopted child, you will need to attach a copy of the certificate issued by the New Mexico Children, Youth and Families Department or the licensed child placement agency for each child you adopted in that year.

If you claimed the credit for adoption of special needs children for a qualifying adopted child in a prior year, you do not need to attach the supporting documentation to the return. Maintain the documentation in your files.

### **LINE 25**

#### **Renewable Energy Production Tax Credit**

Enter the amount of approved renewable energy production tax credit claimed on Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*. Attach Form RPD-41227 to your Form PIT-1.

Personal income and corporate income taxpayers receive credit for producing electricity by solar light or heat, wind or biomass for 10 years following the date the qualified energy generator begins producing electricity. A qualifying energy generator means a facility with at least one megawatt generating capacity located in New Mexico that produces electricity using a qualified energy resource and that sells that electricity to an unrelated person.

For a qualified energy generator using a wind- or biomass-derived energy resource, the amount of tax credit is the lesser of a penny per kilowatt hour up to the first 400,000 megawatt hours of electricity produced in the tax year or the estimated annual production potential of the facility as determined

by the New Mexico Energy, Minerals and Natural Resources Department (EMNRD). For a qualified energy generator using a solar-light-derived or solar-heat-derived qualified energy source, the credit varies based on the tax year following the date the generator first produces electricity using the qualified energy resource. The credit rate starts at 1.5 cents per kilowatt hour in the first year of operation and increases in increments of 1/2 cent each of the next five years, to a maximum of four cents, and then will decline by 1/2 cent per year in the next four years to two cents in the tenth year of operation.

To qualify, the taxpayer must either hold title to a qualified energy generator that first produced electricity on or before January 1, 2018, or lease property upon which a qualified energy generator operates from a county or municipality, under the authority of an industrial revenue bond. EMNRD must first approve the qualified energy generator and the business claiming the credit.

When approval is received from EMNRD, claim the credit by attaching to Form PIT-1, a completed Form RPD-41227, *Renewable Energy Production*

*Tax Credit Claim Form*, the certificate of eligibility issued by EMNRD, the Allocation Notice approved by EMNRD if applicable, and documentation of the amount of electricity produced by the facility in the tax year. The credit may be deducted from the taxpayer's corporate or personal income tax liability for which the credit is claimed. If the amount of the tax credit exceeds the taxpayer's corporate or personal income tax liability for the tax year:

1. the excess may be carried forward for 5 years, or
2. if the tax credit was issued with respect to a qualified energy generator that first produced electricity using a qualified energy resource on or after October 1, 2007, the excess shall be refunded to the taxpayer.

**LINE 26**  
**Refundable Portion of the Film Production Tax Credit Claimed**

Enter the amount of approved film production tax credit that you wish to have refunded to you. You must also complete Form RPD-41228, *Film Production Tax Credit Claim Form*, and Schedule PIT-CR, entering the total amount that you have been approved for, and any portion of the

credit to be applied to the tax due on this return. For a description of the credit and instructions for completing Schedule PIT-CR, see the instructions for Schedule PIT-CR or Form RPD-41228.

NOTE: The amount of film production tax credit you may claim against your tax due on this return and the amount that you may receive as a refund (based on your claim for the film production tax credit) are subject to certain limitations governing the payment of film production tax credit claims. See the instructions for RPD-41228, *Film Production Tax Credit Claim Form*, for details regarding these limitations and how your return may be impacted.

**SECTION VII: Total Rebates and Credits Claimed**

**LINE 27**  
**Total Rebates and Credits Claimed**

Add the amounts, if any, on lines 14, 17c, 18c, 22, 23, 24, 25 and 26. Enter the total on line 27. Transfer the amount on line 27 to line 24 of your Form PIT-1. You must submit Schedule PIT-RC and any other documentation required to the Department with Form PIT-1.

*The Department encourages all taxpayers to file electronically.  
Electronic filing is fast and secure. It provides the fastest  
turnaround for a refund and saves tax dollars,  
costing less to process than a paper return.*

**Child Day Care Credit Worksheet**

Print your name (first, middle, last)

YOUR SOCIAL SECURITY NUMBER

**You must answer both questions.**

True ☐ The child day care expenses **were not** reimbursed or otherwise paid by another party. You **may only** claim uncompensated and unreimbursed child day care expenses.

True ☐ Public assistance **was not** received under the Temporary Assistance for Needy Families, New Mexico Works Act or a similar program during that part of the tax year for which the credit was claimed? You **may only** claim child day care expenses during periods in which you **did not** receive assistance from one of these programs.

*NOTE: The Department checks with appropriate state agencies to verify whether a claimant is receiving public assistance.*

COLUMN A Name of Child	COLUMN B Age of Child	COLUMN C Number of days of care	COLUMN D Amount paid per day not to exceed \$8.00	COLUMN E Day Care Expenses Multiply Col. C by Col. D	COLUMN F Multiply Col. E by .40 Enter in Column G	COLUMN G Available day care credit not to exceed \$480/child
					.40	
					.40	
					.40	
					.40	
					.40	
					.40	
					.40	
TOTAL day care credit available. Enter the sum of column G. If supplemental pages are attached, enter the sum of column G from all pages.						

**To complete the Child Day Care Credit Worksheet:**

**Column A:** Enter the name of the qualified dependent child who received day care during 2012. If you need more space, attach a worksheet in the same format.

**Column B:** Enter the age of the child at the end of the 2012 tax year.

**Column C:** Enter the total number of days of qualified child day care service provided for the child.

**Column D:** Enter the amount paid per day for the child. The maximum is \$8 per child per day. Only include amounts actually paid by you; do not include amounts that were reimbursed or paid for by another party (such as your employer or the State of New Mexico).

**Column E:** Multiply column C by column D and enter the result.

**Column G:** Multiply column E by column F (.40) and enter the result, but no more than \$480 per child.

Add the amounts in column G and enter the total on line 19, Schedule PIT-RC, but no more than \$1,200.

ATTACH TO FORM PIT-1

**2012 PIT-CG****NEW MEXICO CAREGIVER'S STATEMENT**

This schedule must be completed by the caregiver and given to the taxpayer to be attached to Form PIT-1 and Schedule PIT-RC. A separate PIT-CG should be completed by each caregiver who provided day care services for which a credit amount is being claimed. Failure to attach the required PIT-CG to the Form PIT-1 will cause the amount claimed for the child day care credit to be disallowed. The Child Day Care Credit Worksheet should be attached to the PIT-CG.

The caregiver must furnish the information on the number of days of care provided each month and the compensation received for each child for whom the credit is being claimed. The three qualification questions must be completed and the name, address, phone number and New Mexico CRS identification number of the caregiver provided. For each child receiving day care services, provide the name and social security number. The statement must be signed by the caregiver.

Do not include any charges for child care for periods of unemployment or for child care provided either before or after work (plus any necessary travel time) or for periods a taxpayer is attending school.

Taxpayer's first name & initial (as it appears on Form PIT-1)	Last name	Taxpayer's social security number
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**PART I - QUALIFICATIONS FOR INDIVIDUAL CAREGIVERS**

Caregiver's name	Address	New Mexico CRS ID or social security number
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- |  |                              |                             |
|--|------------------------------|-----------------------------|
| 1. Were you, as a caregiver, age eighteen (18) or over at the time the care was performed? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| 2. Did you, as a caregiver, provide day care service for less than 24 hours daily?         | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| 3. Were you a dependent of the above taxpayer for whom you provided child care services?   | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

**PART II - STATEMENT OF COMPENSATION RECEIVED BY CAREGIVER**

	CHILD 1, Name and SSN		CHILD 2, Name and SSN		CHILD 3, Name and SSN		CHILD 4, Name and SSN	
Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month
JANUARY								
FEBRUARY								
MARCH								
APRIL								
MAY								
JUNE								
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER								
TOTAL								

Caregiver's signature \_\_\_\_\_ Caregiver's phone number \_\_\_\_\_

**PART III - TAXPAYER: IF YOU COULD NOT OBTAIN A STATEMENT FROM CAREGIVER, COMPLETE THIS PORTION OF THE FORM.**

If all reasonable attempts to complete this schedule have been made, and the taxpayer is still unable to locate the caregiver or to obtain the required information, the taxpayer should complete Parts I and II of this schedule based on previous billings or other records, provide the name and address of the caregiver and explain below why the caregiver did not complete the statement.

\_\_\_\_\_  
 \_\_\_\_\_

Taxpayer's signature \_\_\_\_\_